

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 590 – SB 869

February 12, 2014

SUMMARY OF ORIGINAL BILL: Requires, prior to a municipal annexation, the approval by a majority of potentially-annexed residents in a referendum held in conjunction with the next regularly-scheduled election by the county. Requires the annexing municipality to provide notice by registered mail to all potentially-annexed residents 90 days prior to the referendum.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Expenditures – Exceeds \$1,000*

Other Fiscal Impact – Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

SUMMARY OF AMENDMENT (003101, 012551): Amendment 003101 deletes all language after the enacting clause. Requires, prior to a municipality annexing upon its own initiative, the approval by a majority of potentially-annexed residents in a referendum, held in conjunction with the next regularly-scheduled election by the county. Amendment 012551 removes the requirement that a municipality provide notice 180 days to all affected residents by registered mail regarding the proposed annexation ordinance.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

Assumptions for the bill as amended:

- It is assumed amendment 012551 is intended to amend the bill as amended by amendment 003101.
- The required referendums are to be held in conjunction with the next regularly-scheduled election; therefore any additional cost associated with the referendum to local government will not be significant.
- Due to several unknown variables, such as the number of municipalities that will desire to annex territory, the extent of property desired to be annexed, the value of any such properties, the extent of subsequent development that would occur on any annexed

property, and whether a majority vote was to accept annexation, the fiscal impact to local government revenue cannot be determined.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh